

DIRECTOR OF CENTRAL INTELLIGENCE

Security Committee

SECOM-D-651

21 September 1979

MEMORANDUM FOR: Chief, Policy and Plans Group

FROM:

Chief, Community Security Group

STATINTL

SUBJECT: IG Report
Industrial Contracting and Security

1. I appreciate the opportunity to review and comment on the IG Report dated August 1979.

2. Overall - a considerable bit of work, a massive report which squeezes out a few formal recommendations belying the myriad of observations and informal remarks throughout the report that project the appearance of informal recommendations. Example: Page 155-156 speaks to the need for advance preparation before entering into contract relationships, continuous communication and for early resolution of administrative problems which can get in the way of substantive performance. These do not seem like minor problems to me but the report dismisses them with a statement that these are not major problems.

3. I am very concerned and distressed by the treatment given the APEX issue.

- The distribution of the APEX manual to members of the industrial community was not authorized, resulted from an exercise of very poor judgment and is an example of mismanagement

of serious proportions. It is viewed as an unwarranted and unacceptable intrusion into the Government's prerogative of unilateral and limited deliberations over a major policy issue in its formative stage.

- That the IG Report treats this matter as something less is to miss the crux of the issue.

- That the IG uses this issue as a springboard for a dissertation on better cooperation between Industry and Government compounds the fallacy.

- That the IG employs the medium of his report to voice the critical opinion of Industry on a policy issue under Government deliberation is misuse of his charter.

- That the IG uses his report as a forum from which to lend his considerable prestige and authority in certification of the validity of Industrial criticism of the APEX proposal does a disservice to his fellow workers.

- That the IG's Report reflects an erroneous and incomplete understanding of the goals and procedures of the proposed APEX system does not merit further comment.

4. I strongly urge that this entire section be excised without trace.

STATINTL

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20 SEP 1979

MEMORANDUM FOR: Deputy Director for Administration

FROM: [REDACTED]

Acting Director of Security

SUBJECT: NFIB Meeting, 25 September--the APEX System [REDACTED]

REFERENCE: Draft Memorandum for DD/NFAC from
Chief, Requirements and Evaluation
Staff, NFAC, [REDACTED]
same Subject

1. Action Requested: None, this is for your information only, giving the Office of Security's position on APEX proposal which is being discussed at the 25 September 1979 meeting of NFIB. [REDACTED]

2. Background:

*This Office long has recognized the Community problems (too many cleared people, too much compartmented material) with the current compartmentation systems and has supported efforts over the years to address and adopt resolutions to them.

*There is a need for a strong DCI position implementing the E.O. 12065 call for revision of compartmentation programs as related to sources and methods. The APEX proposal seems to answer that need in the best form seen to date.

*The APEX proposal appears to be an honest effort to provide the producer and the consumer with voices in establishing rules of compartmentation and in determining what should be compartmented. This is most desirable and should go far in resolution of a historical problem that places

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the collectors of intelligence, the producers of finished intelligence and the consumer community at odds with each other.

*The selection of material for compartmented protection is a matter for command determination. The Office of Security's role is considered to be one of advising on "how" compartmentation procedures can best be drafted to achieve dissemination controls and protection being sought for sensitive intelligence.

*The objectives of the APEX proposal are not being met within the framework of the present separate control systems since the lack of centralized authority (in the hands of the DCI) will continue to result in widely different procedures of compartmentation exercised by individual activities with provincial, parochial views and interests. [REDACTED]

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3. Staff Position: The Office of Security favors the approach of concurring in principle with the APEX proposal and requesting NFIB views and approvals of each milestone and phase of implementation. [REDACTED]

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[REDACTED] ep (20 Sept 79)